



# Financial Statements and Auditors' Report

ArtsWave

August 31, 2019 and 2018



# Contents

	<b>Page</b>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-23
Supplementary Information	
Schedules of Endowment and Board Designated Endowment Fair Values	24-25

## **INDEPENDENT AUDITORS' REPORT**

To the Audit Committee  
Cincinnati Institute of Fine Arts (dba ArtsWave)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cincinnati Institute of Fine Arts (dba ArtsWave) (a not-for-profit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Institute of Fine Arts (dba ArtsWave) as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 24-25 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 10, 2019

## ArtsWave

### STATEMENTS OF FINANCIAL POSITION

August 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Cash	\$ 3,293,451	3,682,551
Pledges receivable, net (Note C)	4,374,670	4,155,699
Accrued interest receivable	180,263	210,262
Investments, at fair value (Note D)	112,300,022	115,627,570
Beneficial interest in trust (Note D)	3,244,577	3,321,911
Property and equipment, net (Note F)	73,842	144,092
Other assets	158,309	175,850
Total assets	\$ 123,625,134	127,317,935
<b>LIABILITIES</b>		
Grants payable (Note H)	\$ 9,855,005	10,257,286
Accounts payable and accrued expenses	220,173	309,509
Loan payable (Note I)	194,228	225,715
Funds held in trust for others (Note J)	12,415,094	12,819,553
Funds held for the benefit of others (Note J)	39,682,266	40,875,129
Total liabilities	62,366,766	64,487,192
<b>NET ASSETS (DEFICIT)</b>		
Operating deficit	(1,730,939)	(1,633,317)
Board designated	18,600,959	19,044,274
Total without donor restrictions	16,870,020	17,410,957
With donor restrictions (Note K)	44,388,348	45,419,786
Total net assets	61,258,368	62,830,743
Total liabilities and net assets	\$ 123,625,134	127,317,935

The accompanying notes are an integral part of these statements.

## ArtsWave

### STATEMENT OF ACTIVITIES

Year ended August 31, 2019

(with comparative summarized financial information for year ended August 31, 2018)

	Without Donor Restrictions			With Donor Restrictions	Totals	
	Operating	Board Designated Endowment	Total		2019	2018
Revenues, gains and other support:						
Annual community campaign	\$ 6,944,215	-	6,944,215	4,532,306	11,476,521	11,334,410
Gifts, bequests and grants	317,117	-	317,117	1,275,654	1,592,771	2,040,647
Net investment return	68,421	25,875	94,296	400,596	494,892	3,925,011
Spending rate allocation	2,093,153	(661,519)	1,431,634	(1,431,634)	-	-
Beneficial interest value change	-	-	-	(77,334)	(77,334)	79,370
Other revenues	21,610	-	21,610	-	21,610	23,241
Net assets released from restrictions (Note K)	5,638,324	92,702	5,731,026	(5,731,026)	-	-
Total revenues, gains and other support	15,082,840	(542,942)	14,539,898	(1,031,438)	13,508,460	17,402,679
Expenses:						
Program services:						
Grants to arts organizations	10,499,687	-	10,499,687	-	10,499,687	11,050,141
Other	1,502,540	-	1,502,540	-	1,502,540	1,573,847
Supporting services:						
Management and general	939,049	-	939,049	-	939,049	874,107
Fundraising	2,139,559	-	2,139,559	-	2,139,559	2,287,010
Total expenses	15,080,835	-	15,080,835	-	15,080,835	15,785,105
Revenues net of expenses	2,005	(542,942)	(540,937)	(1,031,438)	(1,572,375)	1,617,574
Transfers (to)/from endowment	(99,627)	99,627	-	-	-	-
Change in net assets (deficit)	(97,622)	(443,315)	(540,937)	(1,031,438)	(1,572,375)	1,617,574
Net assets (deficit), beginning of year	(1,633,317)	19,044,274	17,410,957	45,419,786	62,830,743	61,213,169
Net assets (deficit), end of year	\$ (1,730,939)	18,600,959	16,870,020	44,388,348	61,258,368	62,830,743

The accompanying notes are an integral part of this statement.

## ArtsWave

### STATEMENT OF ACTIVITIES

Year ended August 31, 2018

	Without Donor Restrictions			With Donor Restrictions	Totals
	Operating	Board Designated Endowment	Total		
Revenues, gains and other support:					
Annual community campaign	\$ 7,189,683	-	7,189,683	4,144,727	11,334,410
Gifts, bequests and grants	856,571	-	856,571	1,184,076	2,040,647
Net investment return	19,982	1,071,729	1,091,711	2,833,300	3,925,011
Spending rate allocation	1,954,512	(605,039)	1,349,473	(1,349,473)	-
Beneficial interest value change	-	-	-	79,370	79,370
Other revenues	23,241	-	23,241	-	23,241
Net assets released from restrictions (Note K)	6,038,953	93,239	6,132,192	(6,132,192)	-
Total revenues, gains and other support	16,082,942	559,929	16,642,871	759,808	17,402,679
Expenses:					
Program services:					
Grants to arts organizations	11,050,141	-	11,050,141	-	11,050,141
Other	1,573,847	-	1,573,847	-	1,573,847
Supporting services:					
Management and general	874,107	-	874,107	-	874,107
Fundraising	2,287,010	-	2,287,010	-	2,287,010
Total expenses	15,785,105	-	15,785,105	-	15,785,105
Revenues net of expenses	297,837	559,929	857,766	759,808	1,617,574
Transfers (to)/from endowment	(426,708)	426,708	-	-	-
Change in net assets (deficit)	(128,871)	986,637	857,766	759,808	1,617,574
Net assets (deficit), beginning of year	(1,504,446)	18,057,637	16,553,191	44,659,978	61,213,169
Net assets (deficit), end of year	\$ (1,633,317)	19,044,274	17,410,957	45,419,786	62,830,743

The accompanying notes are an integral part of this statement.

## ArtsWave

### STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2019

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Grants to arts organizations	\$ 10,499,687	-	-	10,499,687
Arts events and workshops*	325,572	9,370	197,739	532,681
Professional fees*	120,111	29,615	68	149,794
Salaries	561,063	420,157	931,637	1,912,857
Employee benefits	128,998	102,511	265,365	496,874
Stationery and other printing	264	11,673	2,283	14,220
Office supplies	3,383	2,424	5,515	11,322
Telephone and internet access	6,755	7,849	15,378	29,982
Postage	740	12,090	19,541	32,371
Office rent and occupancy	21,438	17,971	46,896	86,305
Equipment rental and maintenance	47,330	29,995	80,387	157,712
Office furniture and equipment	2,387	2,160	4,250	8,797
Travel and meetings	7,244	18,934	20,451	46,629
Promotion, publicity and printing *	261,805	64,647	47,238	373,690
Computer consulting and training*	7,341	35,233	80,643	123,217
Insurance	-	17,331	-	17,331
Provision for bad debt	-	-	347,294	347,294
Depreciation	-	89,758	-	89,758
Interest	-	8,456	-	8,456
Other	8,109	58,875	74,874	141,858
<b>Total</b>	<b>\$ 12,002,227</b>	<b>939,049</b>	<b>2,139,559</b>	<b>15,080,835</b>

\* Included in these expenses are donated services.

The accompanying notes are an integral part of this statement.



## ArtsWave

### STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2018

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Grants to arts organizations	\$ 11,050,141	-	-	11,050,141
Arts events and workshops*	251,747	12,670	57,605	322,022
Professional fees*	269,442	55,452	16,422	341,316
Salaries	491,486	391,503	973,951	1,856,940
Employee benefits	109,902	89,145	282,689	481,736
Stationery and other printing	887	4,572	9,642	15,101
Office supplies	1,260	2,438	5,006	8,704
Telephone and internet access	6,004	6,809	16,871	29,684
Postage	98	2,800	19,649	22,547
Office rent and occupancy	19,814	14,624	51,205	85,643
Equipment rental and maintenance	46,992	22,471	48,487	117,950
Office furniture and equipment	926	3,413	4,703	9,042
Travel and meetings	8,885	26,143	21,156	56,184
Promotion, publicity and printing *	305,787	41,402	443,456	790,645
Computer consulting and training	21,817	15,771	73,114	110,702
Insurance	-	20,275	-	20,275
Provision for bad debt	-	-	185,814	185,814
Depreciation	-	86,292	-	86,292
Interest	-	9,688	-	9,688
Other	38,800	68,639	77,240	184,679
<b>Total</b>	<b>\$ 12,623,988</b>	<b>874,107</b>	<b>2,287,010</b>	<b>15,785,105</b>

\* Included in these expenses are donated services.

The accompanying notes are an integral part of this statement.

## ArtsWave

### STATEMENTS OF CASH FLOWS

Years ended August 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (1,572,375)	\$ 1,617,574
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	89,758	86,292
Net (gain) loss on investments	698,686	(2,801,602)
Pledges receivable	(566,265)	234,525
Loss on doubtful pledges	347,294	185,814
Accrued interest receivable	29,999	(10,673)
Beneficial interest in trust value change	77,334	(79,370)
Grants payable	(402,281)	304,261
Accounts payable and accrued expenses	(89,336)	36,495
Other assets	17,541	(88,414)
Net cash used in operating activities	(1,369,645)	(515,098)
Cash flows from investing activities:		
Proceeds from sales of investments	51,795,498	58,226,333
Purchases of investments	(50,763,958)	(58,082,382)
Purchases of property and equipment	(19,508)	(24,253)
Net cash provided by investing activities	1,012,032	119,698
Cash flows from financing activities:		
Payments on loan payable	(31,487)	(30,255)
Net decrease in cash	(389,100)	(425,655)
Cash at beginning of year	3,682,551	4,108,206
Cash at end of year	\$ 3,293,451	\$ 3,682,551
Supplemental disclosure:		
Interest paid	\$ 8,456	\$ 9,688

The accompanying notes are an integral part of this statement.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS

August 31, 2019 and 2018

#### NOTE A – ORGANIZATION

The Cincinnati Institute of Fine Arts, doing business as ArtsWave, was founded in 1927 by Charles Phelps Taft and Anna Sinton Taft whose fortune and foresight left a legacy of support for the arts of future generations to enjoy. The Tafts endowed a major gift, provided it be matched by the people of Cincinnati.

In 1949, ArtsWave established the annual community campaign to help support the Cincinnati Art Museum, the Cincinnati Symphony Orchestra (CSO), Taft Museum of Art and Cincinnati Opera. In 1978, the Cincinnati Ballet, Cincinnati Playhouse in the Park, May Festival, Contemporary Arts Center and Arts Grants Program were added as additional beneficiaries. The Arts Grants Program was administered by ArtsWave. An associate membership level was added in 1999.

During 2008, ArtsWave embarked on a research initiative designed to develop an inclusive community dialogue leading to broadly shared public responsibility for arts and culture in the region. With the research results as its basis, the organization developed recommendations for a new mission, community goals, business strategies, and a new name. In September 2010, the Board of Trustees approved the recommended mission and the new name, ArtsWave. ArtsWave supports arts organizations large and small throughout the area to help them create a vital arts scene and all the communitywide benefits that come with that – from economic vitality to more visitors and new businesses to a greater sense of connectedness among the people who live here.

In June 2012, ArtsWave made grant-making decisions for the first time based in part on the community impact of the recipient organizations. In 2015, ArtsWave developed the Blueprint for Collective Action, a 10-year strategic plan that outlines five key areas in which the arts contribute to building a vibrant economy and more connected community in Greater Cincinnati. As of June 2016, all organizations receiving ArtsWave support must provide details about plans and programming that address Blueprint goals. Forty-four Sustaining Impact grants were awarded to arts organizations that are addressing the key areas of the Blueprint. Additionally, a total pool of funds was approved for Catalyzing Impact, Partnering for Impact, Pride, and Young Professional programming project grants to be made over the course of fiscal year 2020.

These financial statements do not include the accounts of the participating organizations which are separate legal entities, except for endowment funds held in trust and for the benefit of others for certain of these organizations participating in ArtsWave's investment pool (Note J).

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations.

Effective for the year ended August 31, 2019, ArtsWave adopted Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ArtsWave and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. A portion of perpetual endowment funds are subject to a time restriction under an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Generally, the donors of these assets permit ArtsWave to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions for which the donor-imposed restrictions were met within the same period are recorded in net assets with donor restrictions and then released from restrictions. All expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as support without restrictions.

ASU 2018-13, *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The standard addresses the disclosures required for level 3 fair value measurements, including the valuation process, transfers, purchases and issues, and simplifies the presentation of that information. ArtsWave has early implemented this guidance on a modified retrospective basis to all periods presented as permitted under the ASU.

#### 2. Cash

All cash is maintained in interest-bearing accounts. See also Note L.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### 3. Pledges Receivable

Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Pledges for support in the current annual community campaign are recorded as support revenues. Legacies and bequests made by will or trust are recorded when ArtsWave has an irrevocable right to the bequest and the proceeds are measurable. ArtsWave determines its allowance for uncollectible pledges by considering several factors, including the length of time pledges are past due, ArtsWave's previous loss history and the donor's current ability to pay. When amounts are determined to be uncollectible, they are charged to the allowance. Recoveries of amounts previously written off replenish the allowance. Pledges receivable due beyond one year are discounted using the risk-free interest rate in effect during the year the pledge is received.

#### 4. Investments

ArtsWave's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

The vast majority of assets of endowment and Board designated endowment funds are pooled for investment purposes on a fair value basis. Under this method, each participating fund was assigned units based on the relationship of the fair value of all investments at the time they were pooled.

Each month, the pooled assets are valued at fair value, and new unit values are assigned. The unit fair value at the beginning of the month is used to determine the number of units to be allocated as dollars are added to or withdrawn from the pool during the month.

#### 5. Beneficial Interest in Trust

ArtsWave values its beneficial interest in trust at the fair value of the assets at year-end as reported by the trustee, a financial institution.

#### 6. Property and Equipment

Property and equipment are recorded at cost or the fair value at the date received, if received as gifts. Capitalization limits are set at \$1,000; expenditures for items costing less are expensed. These assets are depreciated on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the lesser of their estimated useful life or the remaining life of the lease. Equipment and furniture have estimated useful lives of three to seven years.

#### 7. Grants Payable

Grants payable consists of Board-approved distributions of annual campaign income and endowment income to be paid in the following fiscal year.

#### 8. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

#### 9. Federal Income Tax

ArtsWave has been determined to be exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. It has been determined that ArtsWave is not a private foundation. ArtsWave is subject to income tax that is derived from business activities unrelated to its exempt purpose. ArtsWave files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

#### 10. Advertising

Advertising costs are expensed as incurred. For the years ended August 31, 2019 and 2018, advertising costs were \$275,767 and \$613,303, respectively.

#### 11. Donated Services

Donated goods used in ArtsWave's programs are recorded as income and expense or additions to the property fund at the time the items are received. Donated services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. Donated goods and services were estimated at \$368,078 and \$505,436 for the years ended August 31, 2019 and 2018, respectively.

#### 12. Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services categories based on specific identifications or staff time spent within each function.

#### 13. Fair Value Measurements

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, ArtsWave uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs. In measuring fair value, ArtsWave may adjust for risks and uncertainties, if a market participant would include such an adjustment in its pricing.

#### 14. Reclassification

Certain 2018 amounts have been reclassified to conform with the current year presentation.

#### 15. Subsequent events

ArtsWave evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 10, 2019, the date which the financial statements were available to be issued.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE C – PLEDGES RECEIVABLE

As of August 31, 2019 and 2018, contributors to ArtsWave have made unconditional promises to give totaling \$4,818,466 and \$4,500,699, respectively.

Pledges receivable are due as follows:

	2019	2018
Within one year	\$ 4,578,466	\$ 4,500,699
Two to five years	240,000	-
	4,818,466	4,500,699
Less:		
Present value component	(6,796)	-
Allowance for uncollectible pledges	(437,000)	(345,000)
Total pledges receivable	\$ 4,374,670	\$ 4,155,699

Estimated cash flows from pledges receivable due in two to five years as of August 31, 2019 have been discounted to the present value using a discount rate of 2.2%. There were no estimated cash flows from pledges receivable due in two to five years as of August 31, 2018.

#### NOTE D – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements and disclosures are based on a three-level hierarchy. Fair value instruments measured at fair value on a recurring basis using quoted prices for identical instruments in an active market (or level 1 inputs) include cash and cash equivalents, equity securities and mutual funds. Financial instruments measured at fair value based on quoted market prices for similar instruments in active markets (or level 2 inputs) include fixed income securities. Financial instruments measured at fair value based on unobservable inputs (or level 3 inputs) include the beneficial interest in trust.

Approximately 30% of corporate obligations relate to national mortgage finance companies with yields of 0% to approximately 5% maturing within one year. Approximately 30% of corporate obligations relate to national mortgage finance companies with yields of approximately 2% to 6%, maturing in the next five to 33 years, with an average term of 25 years. The remaining balance of corporate obligations relates to bonds issued by corporations in a variety of industries with an average yield of approximately 5%, and an average maturity of ten years.

ArtsWave invests in hedge, high yield bond, and private equity funds for which ArtsWave bases fair value on the net asset value of each fund, adjusted for distributions, redemptions, market changes, and other financial and operational information obtained by ArtsWave's management. As a practical expedient, ArtsWave measures the fair value of certain investments based on the investee's net asset value (NAV) or its equivalent. As a result of applying the practical expedient, the fair value of hedge, high yield bond, and private equity funds was determined as of August 31, 2019 and 2018, based on NAV.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position at August 31, 2019:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Investments measured at NAV</u>
Investments:					
Cash and cash equivalents	\$ 1,653,570	1,653,570	-	-	-
Equities:					
Information and communication	2,576,063	2,576,063	-	-	-
Industrials	1,849,575	1,849,575	-	-	-
Consumer discretionary	1,134,660	1,134,660	-	-	-
Financial institutions	2,538,170	2,538,170	-	-	-
Consumer staples	1,156,651	1,156,651	-	-	-
Health care	1,651,497	1,651,497	-	-	-
Energy and power	1,101,997	1,101,997	-	-	-
Other	383,970	383,970	-	-	-
Mutual funds:					
International	20,294,379	20,294,379	-	-	-
Large cap	17,551,924	17,551,924	-	-	-
Small and mid cap	1,172,327	1,172,327	-	-	-
Intermediate term bonds	111,451	111,451	-	-	-
Real asset moderate allocation	3,320,679	3,320,679	-	-	-
Diversified emerging markets	7,606,209	7,606,209	-	-	-
Fixed income:					
Corporate	11,259,420	-	11,259,420	-	-
Foreign	743,611	-	743,611	-	-
Government	10,640,100	-	10,640,100	-	-
High yield	2,242,249	-	-	-	2,242,249
Hedge and other limited partnership funds	14,477,207	-	-	-	14,477,207
Private equity funds	8,834,313	-	-	-	8,834,313
Total investments	<u>\$ 112,300,022</u>	<u>64,103,122</u>	<u>22,643,131</u>	<u>-</u>	<u>25,553,769</u>
Beneficial interest in trust:	<u>\$ 3,244,577</u>	<u>-</u>	<u>-</u>	<u>3,244,577</u>	<u>-</u>



## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the statement of financial position at August 31, 2018:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Investments measured at NAV</u>
Investments:					
Cash and cash equivalents	\$ 1,769,896	1,769,896	-	-	-
Equities:					
Information and communication	8,275,194	8,275,194	-	-	-
Industrials	3,732,973	3,732,973	-	-	-
Consumer discretionary	2,410,373	2,410,373	-	-	-
Financial institutions	5,563,426	5,563,426	-	-	-
Consumer staples	2,077,472	2,077,472	-	-	-
Health care	4,420,971	4,420,971	-	-	-
Energy and power	3,356,170	3,356,170	-	-	-
Other	1,144,030	1,144,030	-	-	-
Mutual funds:					
International	21,196,375	21,196,375	-	-	-
Small and mid cap	5,707,852	5,707,852	-	-	-
Intermediate term bonds	113,095	113,095	-	-	-
Real asset moderate allocation	3,354,819	3,354,819	-	-	-
Diversified emerging markets	8,399,362	8,399,362	-	-	-
Fixed income:					
Corporate	11,272,170	-	11,272,170	-	-
Foreign	856,560	-	856,560	-	-
Government	9,069,733	-	9,069,733	-	-
High yield	2,249,509	-	-	-	2,249,509
Hedge and other limited partnership funds	14,157,368	-	-	-	14,157,368
Private equity funds	6,500,222	-	-	-	6,500,222
Total investments	<u>\$ 115,627,570</u>	<u>71,522,008</u>	<u>21,198,463</u>	<u>-</u>	<u>22,907,099</u>
Beneficial interest in trust:	<u>\$ 3,321,911</u>	<u>-</u>	<u>-</u>	<u>3,321,911</u>	<u>-</u>

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

Investments accounted for under the practical expedient at August 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>	<u>2019 Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Hedge and other limited partnership funds:					
Absolute	\$ 6,971,789	6,892,905	-	Monthly	91 days
Long-biased	5,903,299	5,960,670	-	Quarterly	100 days
Other	1,602,119	1,303,793	-	Monthly	30 days
High yield bond funds	2,242,249	2,249,509	-	Quarterly	45 days
Private equity funds	<u>8,834,313</u>	<u>6,500,222</u>	<u>6,546,131</u>	N/A	N/A
	<u>\$ 25,553,769</u>	<u>22,907,099</u>	<u>6,546,131</u>		

Investments in the absolute hedge fund do not have a holding period. This fund of funds seeks consistent stable returns by allocation of assets to a wide range of alternative investment strategies across the global financial markets.

The long-biased hedge funds invest in funds focused on taking long positions in equity securities. Subsequent to satisfying a 12-month lock-up period, redemptions up to 25% of estimated NAV may occur on March 31<sup>st</sup>, June 30<sup>th</sup>, and September 30<sup>th</sup> and up to 100% of estimated NAV may occur on December 31<sup>st</sup>. All lock-up periods for investments in these funds have expired as of August 31, 2019.

The other limited partnership fund's investment objective is to seek absolute return by investing directly or via equity swaps, long-only without leverage in income producing publicly traded master limited partnerships (MLPs), with a focus on energy sector MLPs. There is no holding period for this fund.

Investments in high yield bond funds do not have a holding period. These funds seek investments in bonds with lower credit ratings and therefore higher yields than investment grade corporate bonds, treasury bonds, and municipal bonds.

Private equity funds invest in growth equities, venture capital, leveraged buyouts and private placements. These funds are structured as limited partnerships where ArtsWave is a limited partner of the fund. The funds have a ten-year term and generally cannot be redeemed until the fund is terminated. It is estimated that the underlying assets will be liquidated over the next ten years. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been estimated using the NAV of ArtsWave's ownership interest in partners' capital.

The carrying amounts of cash, receivables, grants payable, and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying amount of the loan payable approximates fair value as the loan interest rate approximates market rates at the measurement date. Funds held in trust for others and funds held for the benefit of others are stated at fair value of the underlying investments, which are included in investments on the accompanying statements of financial position and the accompanying disclosures.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE E – ENDOWMENT FUNDS

ArtsWave's endowment funds include donor restricted endowment funds, funds designated by the Board for reinvestment in the endowment funds, and investment income on the endowment funds that can be appropriated for expenditure. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the absence or existence of donor-imposed restrictions.

Management of ArtsWave has interpreted Ohio-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds held in perpetuity absent explicit donor stipulations to the contrary. As a result of this interpretation, ArtsWave will classify as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to funds held in perpetuity, (b) the original value of subsequent gifts to funds held in perpetuity, and (c) accumulations to funds held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with ArtsWave's interpretation of UPMIFA, investment income and appreciation/depreciation earned on endowment funds held in perpetuity are credited to net assets with donor restrictions until the later of satisfaction of donor restrictions or appropriation for expenditure by the governing board. ArtsWave's policy for other endowment gifts is to include 100% of the unrealized and realized appreciation as net assets with donor restrictions and subsequently release funds needed to satisfy investment management fees and spending rate allocation, as applicable, based upon the original donor's specifications. These transactions are presented on the statements of activities within the spending rate allocation.

#### **Investment return objectives, risk parameters and strategies**

ArtsWave has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment investments. To satisfy these long-term objectives, ArtsWave relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ArtsWave targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

#### **Spending policy**

ArtsWave has a policy of appropriating for distribution each year a certain percentage of its endowment fund's average fair value over the prior 20 quarters through March 31<sup>st</sup> preceding the fiscal year in which the distribution is planned. The spending distribution rate was 4.0% in 2019 and 2018.

There are 17 endowment funds held in perpetuity. As of August 31, 2019 and 2018, respectively, the fair value of these funds collectively is \$34,119,472 and \$35,272,014 more than the original gift amounts. An additional \$18,712,616 and \$19,346,224 in fair value as of August 31, 2019 and 2018, respectively, relates to board designated gifts also held in the endowment pool.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

The endowment investment asset composition by type of fund consists of the following as of August 31:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	40,052,345	40,052,345
Board designated endowment funds	18,712,616	-	18,712,616
<b>Total</b>	<b>\$ 18,712,616</b>	<b>40,052,345</b>	<b>58,764,961</b>

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	41,200,943	41,200,943
Board designated endowment funds	19,346,224	-	19,346,224
<b>Total</b>	<b>\$ 19,346,224</b>	<b>41,200,943</b>	<b>60,547,167</b>

The change in endowment fund investments, not including investments held for the benefit of or in trust for others, for the year ended August 31, 2019, is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 19,346,224	41,200,943	60,547,167
Net investment return	25,875	400,596	426,471
Transfers in	209,516	-	209,516
Appropriation of endowment assets for expenditure	(546,888)	(1,549,194)	(2,096,082)
Other changes: Transfers from board designated funds to operations	(322,111)	-	(322,111)
<b>Endowment investments, end of year</b>	<b>\$ 18,712,616</b>	<b>40,052,345</b>	<b>58,764,961</b>

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

The change in endowment fund investments, not including investments held for the benefit of or in trust for others, for the year ended August 31, 2018, is as follows:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 18,073,471	39,827,001	57,900,472
Net investment return	1,208,086	2,833,300	4,041,386
Transfers in	745,541	-	745,541
Appropriation of endowment assets for expenditure	(665,064)	(1,459,358)	(2,124,422)
Other changes:			
Transfers from board designated funds to operations	(15,810)	-	(15,810)
Endowment investments, end of year	\$ 19,346,224	41,200,943	60,547,167

#### **Transfers from board designated endowment**

In accordance with its policy, ArtsWave transferred all unanticipated gifts and bequests greater than \$5,000 to the board designated endowment fund. ArtsWave transfers to the board designated endowment fund excess campaign reserves, operating surpluses generated in the prior year, or excess operating cash. Additionally, upon Board approval ArtsWave will transfer funds from the board designated endowment fund to operations to fund specific projects, grants, or planned transitional growth. Differences from transfers in above are attributed to timing of cash deposits into the board designated endowment investment account.

#### **NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment at August 31, 2019 and 2018 are summarized as follows:

	2019	2018
Equipment and furniture	\$ 120,082	151,705
Leasehold improvements	531,117	531,117
	651,199	682,822
Less accumulated depreciation	(577,357)	(538,730)
Property and equipment, net	\$ 73,842	144,092

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE G – LEASES

ArtsWave leases certain operating and storage facilities and equipment under operating lease agreements. Lease expense was \$66,191 and \$70,323 for 2019 and 2018, respectively.

Future minimum payments for the year ending August 31:

2020		\$	36,763
2021			2,568
2022			2,568
2023			2,568
2024			642
		\$	45,109

#### NOTE H – GRANTS PAYABLE

Grants payable consists of the following at August 31:

	2019	2018
Allocated grants	\$ 10,127,005	10,627,402
Unallocated grants	(272,000)	(370,116)
	\$ 9,855,005	10,257,286

Unallocated grants represent board approved grants from net assets with donor restrictions for which a recipient has not yet been identified. These allocations are recognized as contra liabilities upon board approval for tracking purposes. Once a recipient has been identified, the contra-liability is reversed and the appropriate donor restricted net assets are released from restrictions.

#### NOTE I – LOAN PAYABLE

In November 2009, ArtsWave entered into a loan agreement with Cincinnati Equity Fund Ltd. with an original principal amount up to \$450,000. On August 31, 2019 and 2018, \$194,228 and \$225,715, respectively, was outstanding on this loan. Proceeds from the loan were used to renovate new office space for ArtsWave. Principal payments on the loan and interest at a fixed rate of 4% are payable monthly through January 2020, at which time a balloon payment of \$180,740 is due. Collateral for the loan in the amount of \$200,000 is invested in a separate bank account. The collateral investment is included in investments on the accompanying statements of financial position. Scheduled maturities of long-term debt as of August 31, 2019 is \$194,228 in December 2019.

#### NOTE J – FUNDS HELD IN TRUST FOR OTHERS AND FOR THE BENEFIT OF OTHERS

Funds held in trust for others and for the benefit of others are recognized in the accompanying statements of financial position and represent endowment assets held by ArtsWave within the investment pool (Note D) on behalf of local area not-for-profit organizations. The related investment purchases and sales and corresponding changes in fund liabilities are included within investing activity on the statements of cash flows. Total funds held in trust for others were \$12,415,094 and \$12,819,553 at August 31, 2019 and 2018, respectively. Total funds held for the benefit of others were \$39,682,266 and \$40,875,129 at August 31, 2019 and 2018, respectively.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE K – NET ASSETS WITH DONOR RESRICTIONS

Net assets with donor restrictions are available primarily for the use of ArtsWave and its beneficiary organizations and consist of the following as of August 31:

	<u>2019</u>	<u>2018</u>
Endowment funds	\$ 40,052,345	41,200,943
Beneficial interest in trust	3,244,577	3,321,911
Time restrictions	278,736	90,275
Other program restrictions	<u>812,690</u>	<u>806,657</u>
	<u>\$ 44,388,348</u>	<u>45,419,786</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions were \$5,731,026 and \$6,132,192 in 2019 and 2018, respectively, primarily due to the fulfillment of the purpose for which the resource was restricted or due to time restrictions expiring on net assets available for future operations and programs.

#### NOTE L – RISKS AND UNCERTAINTIES

Cash balances in certain accounts at banks exceed the Federal Deposit Insurance Corporation (FDIC) limits by \$2,817,526 and \$3,228,061 at August 31, 2019 and 2018, respectively.

Pledges receivable are from various employers, employees of such employers, trusts and foundations, and the general public in the Greater Cincinnati region.

ArtsWave holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities would occur in the near term and such changes could materially affect the amounts reported in the financial statements.

#### NOTE M – RETIREMENT PLAN

ArtsWave maintains a safe harbor retirement savings plan which allows participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. ArtsWave makes safe harbor matching contributions equal to 116.66% of the employee's elective deferrals that do not exceed 6% of the employee's compensation. Employees vest immediately in their own and ArtsWave's contributions. ArtsWave's contributions to the plan in 2019 and 2018 were \$119,070 and \$114,923, respectively.

## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE N – RELATED PARTY TRANSACTIONS

Members of ArtsWave’s Board of Trustees and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with entities doing business with ArtsWave. ArtsWave employs a conflict of interest policy that requires any such associations to be disclosed in writing. When such associations exist, measures are taken to mitigate any actual or perceived conflict, including recusal of the board member from any decisions involving the entity doing business with ArtsWave. The transactions with entities associated with trustees or senior management are not considered to be significant.

#### NOTE O – LIQUIDITY DISCLOSURES

ArtsWave is substantially supported by investment income and contributions from donors. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, ArtsWave must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of ArtsWave’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Funds held within the board designated endowment would be used to help satisfy liquidity needs if necessary.

The following table presents the financial assets available to meet cash needs for general expenditure within one year at August 31:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash	\$ 3,293,451	3,682,551
Pledges receivable	4,818,466	4,500,699
Accrued interest receivable	180,263	210,262
Investments at fair value	<u>112,300,022</u>	<u>115,627,570</u>
Financial assets available at year end	<u>120,592,202</u>	<u>124,021,082</u>
Less those unavailable for general expenditures within one year due to:		
Investments held in donor restricted endowment	40,052,345	41,200,943
Funds held for the benefit of others	39,682,266	40,875,129
Funds held in trust	12,415,094	12,819,553
Restricted by donor for specific purpose	927,864	645,632
Private equity fund lockups – without donor restriction	<u>1,738,402</u>	<u>1,306,208</u>
Total limitations on available resources	<u>94,815,971</u>	<u>96,847,465</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 25,776,231</u>	<u>27,173,617</u>



## ArtsWave

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2019 and 2018

#### NOTE P – UPCOMING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for ArtsWave's year ending August 31, 2020.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for ArtsWave's year ending August 31, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use-asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for ArtsWave's year ending August 31, 2022.

ArtsWave is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.

## ArtsWave

### SCHEDULES OF ENDOWMENT AND BOARD DESIGNATED ENDOWMENT FAIR VALUES

August 31, 2019 and 2018

	August 31, 2019 Fair Value	August 31, 2018 Fair Value
<u>Endowment – income restricted</u>		
Taft Museum:		
Anna S. Taft	\$ 17,179,252	17,738,612
Louise Taft Semple Foundation (directorship)	1,547,423	1,597,809
Cincinnati Symphony Orchestra:		
Mr. & Mrs. Charles Phelps Taft	13,780,136	14,174,569
Thomas J. Emery Memorial	1,699,478	1,748,126
Mary Hanna and others	515,163	529,915
Mr. & Mrs. William Kite	59,425	61,121
Betscher and Outcalt Memorial	25,319	26,045
Anonymous	154,594	159,024
Weibel	77,795	80,025
Cincinnati Opera Association:		
Mr. & Mrs. Lawrence H. Kyte	99,372	98,603
Eleanor Feld	16,881	17,359
Maurice Oshry (Cincinnati Opera Association)	59,584	61,284
Anonymous	923,025	949,443
Children's Education Fund:		
Cincinnati Art Museum	838,268	862,251
Cincinnati Symphony Orchestra	718,049	738,600
Cincinnati Opera Association	359,577	369,871
Playhouse in the Park	240,051	246,919
Cincinnati Ballet	119,864	123,297
Contemporary Arts Center	119,864	123,297
Anonymous (Cincinnati Art Museum)	308,227	317,051
Dorothy Rawson (allocated to art museum and orchestra)	392,971	404,221
Blanche and Rebekah Alter (allocated to art museum and orchestra)	1,433,946	1,475,230
Rosa F. and Samuel B. Sachs (Annual Sachs Award)	726,085	746,988
Richard P. Windisch and Martha W. Van Goeben (May Festival)	323,748	333,016
Mid-Sized Arts Endowment	1,569,628	1,614,814
Annual community campaign	474,335	487,995
Goldsmith endowed annual campaign gift	66,430	68,337
Susan & Burton Closson endowed annual campaign gift	167,444	172,270
	\$ 43,995,935	45,326,092

## ArtsWave

### SCHEDULES OF ENDOWMENT AND BOARD DESIGNATED ENDOWMENT FAIR VALUES (continued)

August 31, 2019 and 2018

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
	<b>Fair Value</b>	<b>Fair Value</b>
<u>Endowment – income unrestricted (continued)</u>		
Taft – 1927 matching endowment	\$ 32,881,584	33,828,170
National Endowment for the Arts matching endowment –		
Thomas J. Emery Memorial	1,232,581	1,268,064
William P. Anderson Foundation	299,466	308,089
Eleanor and Charlie Taft Fund	262,305	269,856
Anonymous	323,748	333,069
LKC Foundation	54,335	55,893
Mr. and Mrs. Louis John Johnen Memorial Fund	448,989	461,915
John Sherman	9,908	10,196
Ruth Wilkerson	62,751	64,554
Albert W. Vontz, Jr.	38,810	39,930
	<u>35,614,477</u>	<u>36,639,736</u>
 <u>Board designated endowment</u>		
Bertrand B. Kahn (scholarships)	84,436	86,870
Arts Services Office endowments	1,312,927	1,350,712
Board Designated Operating Reserves	9,951,359	10,331,945
ArtsWave general	3,886,606	3,999,346
Annual community campaign	3,477,288	3,577,351
	<u>18,712,616</u>	<u>19,346,224</u>
 Total ArtsWave endowment and Board designated endowment, at fair value	 <u>98,323,028</u>	 <u>101,312,052</u>
 <b>CHARITABLE GIFT ANNUITIES*</b>	 <u>124,199</u>	 <u>115,249</u>
 <b>FUNDS HELD IN TRUST FOR OTHERS</b>		
Funds held for the Taft Museum of Art	<u>12,415,094</u>	<u>12,819,553</u>
 Total endowment and Board designated endowment and funds held in trust for others, at fair value	 <u>\$ 110,862,321</u>	 <u>114,246,854</u>

\*A separate account was established for charitable gift annuities.

